

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT PURSUANT
TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported) May 18, 2006

Hurco Companies, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Indiana

(State or Other Jurisdiction of Incorporation)

0-9143

(Commission File Number)

35-1150732

(I.R.S. Employer Identification Number)

One Technology Way

Indianapolis, Indiana

(Address of principal executive offices)

46268

(Zip code)

(317) 293-5309

(Registrant's Telephone Number, Including Area Code)

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02. Results of Operation and Financial Condition

On May 18, 2006, Hurco Companies, Inc. (the "Registrant") reported its results of operations for the second quarter ended April 30, 2006. The Registrant's earnings release for the period is attached as Exhibit 99 and the information set forth therein is incorporated herein by reference and constitutes a part of this report. The attached Exhibit is furnished pursuant to Item 2.02 of Form 8-K.

Item 9.01 Financial Statements and Exhibits.

99 Press Release dated May 18, 2006

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: May 18, 2006

HURCO COMPANIES, INC

By: /s/ Stephen J. Alesia

Vice President and

Chief Financial Officer

EXHIBIT INDEX

[Exhibit 99](#) Press Release of Hurco Companies, Inc. dated May 18, 2006

FOR IMMEDIATE RELEASE
THURSDAY, MAY 18, 2006

HURCO REPORTS RECORD SALES AND OPERATING INCOME IN ITS SECOND QUARTER 2006 RESULTS

INDIANAPOLIS, INDIANA, — May 18, 2006—Hurco Companies, Inc. (Nasdaq:HURC) today announced that for its second fiscal quarter, which ended April 30, 2006, it recorded net income of \$3,929,000, or \$.62 per share, compared to \$3,299,000, or \$.52 per share, for the corresponding quarter of 2005. For the first six months of fiscal 2006, Hurco recorded net income of \$6,962,000 or \$1.09 per share, compared to \$6,329,000 or \$1.00 per share, for the corresponding 2005 period.

The company noted that its provision for income taxes increased from prior periods by approximately \$1,500,000 during the second quarter of fiscal 2006 and \$2,700,000 for the six month period, due primarily to the company's prior utilization of substantially all of its domestic net operating loss carryforwards. Income before taxes for the latest quarter was \$6,179,000, an increase of 51% over the \$4,080,000 reported in the same period one year ago.

Sales and service fees for the second quarter of fiscal 2006 were the highest in the company's history and totaled \$36,861,000, an increase of \$5,871,000, or 19%, from the amount recorded in the corresponding quarter of 2005, which was also a record at that time. Due to the effects of a stronger U.S. Dollar when translating foreign sales for financial reporting purposes, sales and service fees for the second quarter of fiscal 2006 were approximately \$1,600,000 less than would have been the case if foreign sales had been translated at the same rate of exchange that was utilized for the second quarter of 2005. The company attributed the significant growth in its second quarter revenues to a 27% increase in unit sales of its higher margin VMX computerized machine tools, which was most pronounced in the United States and Europe. Sales and Service fees for the six months ended April 30, 2006 totaled \$68,755,000, an increase of \$7,519,000, or 12%. Sales and service fees for the six months were unfavorably affected by approximately \$3,400,000 due to currency translation.

New orders booked in the second quarter of fiscal 2006 totaled \$36,990,000, an increase of \$4,058,000, or 12%, from the amount recorded in the second quarter of 2005. For the six months ended April 30, 2006, new orders totaled \$74,721,000, an increase of \$14,904,000, or 25%, over the 2005 amount. The impact of currency translation on new orders booked was consistent with the impact on sales and service fees.

Gross margin for the second quarter of fiscal 2006 was 35.8% compared to 34.7% for the prior year period. The improvement was primarily due to the increased unit sales partially offset by the unfavorable effects of a strengthening U.S. Dollar compared to the prior year period. Selling, general and administrative expenses were \$7,140,000 for the 2006 period, an increase of \$777,000, or 12%, over the amount recorded for the corresponding 2005 period, primarily due to increased sales and marketing expenses.

Operating income for the second quarter of fiscal 2006 was a record for Hurco and totaled \$6,039,000 or 16% of sales and service fees, compared to \$4,404,000, or 14% of sales and service fees, for the same period in the prior year.

Michael Doar, Chief Executive Officer, stated, "The financial results for our second quarter are very satisfying. Our sales and service fees reached record levels and orders remained strong. We are continuing to increase our production capacity to fulfill orders received in the first half of fiscal 2006 and future orders."

Hurco Companies, Inc. is an industrial technology company that designs and produces interactive computer controls, software and computerized machine tools for the worldwide metal cutting industry. The end market for the Company's products consists primarily of independent job shops and short-run manufacturing operations within large corporations in industries such as the aerospace, defense, medical equipment, energy, transportation and computer equipment. The Company is based in Indianapolis, Indiana, and has sales, application engineering and service subsidiaries in High Wycombe, England; Munich, Germany; Paris, France; Milan, Italy; Shanghai, China and Singapore, along with manufacturing operations in Taiwan. Products are sold through independent agents and distributors in the United States, Europe and Asia. The Company also has direct sales forces in the United Kingdom, Germany, France, Italy, and Asia.

Web Site: www.hurco.com

This news release contains forward looking statements which involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors include, among others, changes in general economic and business conditions that affect demand for computerized machine systems, computer numerical control systems and software products, changes in manufacturing markets, innovations by competitors, quality and delivery performance by our contract manufacturers and governmental actions and initiatives including import and export restrictions and tariffs.

Contact: Stephen J. Alesia
Vice President & CFO
317-293-5309

Hurco Companies, Inc.
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(In thousands, except per-share data)

	Three Months Ended April 30,		Six Months Ended April 30,	
	2006	2005	2006	2005
	(unaudited)		(unaudited)	
Sales and service fees	\$ 36,861	\$ 30,990	\$ 68,755	\$ 61,236
Cost of sales and service	23,682	20,223	44,649	40,729
Gross profit	13,179	10,767	24,106	20,507
Selling, general and administrative expenses	7,140	6,363	13,436	12,550
Operating income	6,039	4,404	10,670	7,957
Interest expense	80	86	164	169
Other income (expense), net	220	(238)	325	(309)
Income before taxes	6,179	4,080	10,831	7,479
Provision for income taxes	2,250	781	3,869	1,150
Net income	<u>\$ 3,929</u>	<u>\$ 3,299</u>	<u>\$ 6,962</u>	<u>\$ 6,329</u>
Earnings per common share				
Basic	<u>\$ 0.62</u>	<u>\$ 0.53</u>	<u>\$ 1.11</u>	<u>\$ 1.03</u>
Diluted	<u>\$ 0.62</u>	<u>\$ 0.52</u>	<u>\$ 1.09</u>	<u>\$ 1.00</u>
Weighted average common shares outstanding				
Basic	<u>6,291</u>	<u>6,193</u>	<u>6,291</u>	<u>6,131</u>
Diluted	<u>6,377</u>	<u>6,370</u>	<u>6,377</u>	<u>6,307</u>
OTHER CONSOLIDATED FINANCIAL DATA				
	Three Months Ended April 30,		Six Months Ended April 30,	
	2006	2005	2006	2005
	(unaudited)		(unaudited)	
Operating Data:				
Gross margin	35.8%	34.7%	35.1%	33.5%
SG&A expense as a percentage of sales	19.4%	20.5%	19.5%	20.5%
Operating income as a percentage of sales	16.4%	14.2%	15.5%	13.0%
Income before taxes as a percentage of sales	16.8%	13.2%	15.8%	12.2%
Effective Tax Rate	36.4%	19.1%	35.7%	15.4%
Depreciation	367	305	732	622
Capital expenditures	704	452	1,196	1,075
Balance Sheet Data:	<u>4/30/2006</u>	<u>4/30/2005</u>		
Working capital (excluding short term debt)	\$ 50,761	\$ 35,504		
Days sales outstanding	45	44		
Inventory turns	2.5	2.3		

Capitalization

Total debt	\$	4,074	\$	4,395
Shareholders' equity		<u>67,624</u>		<u>48,246</u>
Total	\$	<u>71,698</u>	\$	<u>52,641</u>

Hurco Companies, Inc.
CONDENSED CONSOLIDATED BALANCE SHEET
(In thousands, except per-share data)

	April 30, 2006 (unaudited)	October 31, 2005 (audited)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 24,210	\$ 17,559
Accounts receivable	24,631	20,100
Inventories	36,308	29,530
Deferred tax assets, net	2,267	3,043
Other	4,072	3,586
Total current assets	<u>91,488</u>	<u>73,818</u>
Property and equipment:		
Land	761	761
Building	7,234	7,205
Machinery and equipment	13,533	13,170
Leasehold improvements	1,111	1,102
	<u>22,639</u>	<u>22,238</u>
Less accumulated depreciation and amortization	<u>(13,765)</u>	<u>(13,187)</u>
	<u>8,874</u>	<u>9,051</u>
Deferred tax assets, net	1,303	1,346
Software development costs, less amortization	4,471	3,752
Investments and other assets	6,796	6,147
	<u>\$ 112,932</u>	<u>\$ 94,114</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 28,023	\$ 17,051
Accrued expenses	12,704	13,584
Current portion of long-term debt	131	126
Total current liabilities	<u>40,858</u>	<u>30,761</u>
Non-current liabilities:		
Long-term debt	3,943	4,010
Deferred credits and other obligations	507	399
Total liabilities	<u>45,308</u>	<u>35,170</u>
Shareholders' equity:		
Preferred stock: no par value per share; 1,000,000 shares authorized; no shares issued	-	-
Common stock: no par value; \$.10 stated value per share; 12,500,000 shares authorized; and 6,341,020 and 6,220,220 shares issued, respectively	634	622
Additional paid-in capital	49,727	48,701
Retained earnings	19,962	13,001
Accumulated other comprehensive income	(2,699)	(3,380)
Total shareholders' equity	<u>67,624</u>	<u>58,944</u>
	<u>\$ 112,932</u>	<u>\$ 94,114</u>